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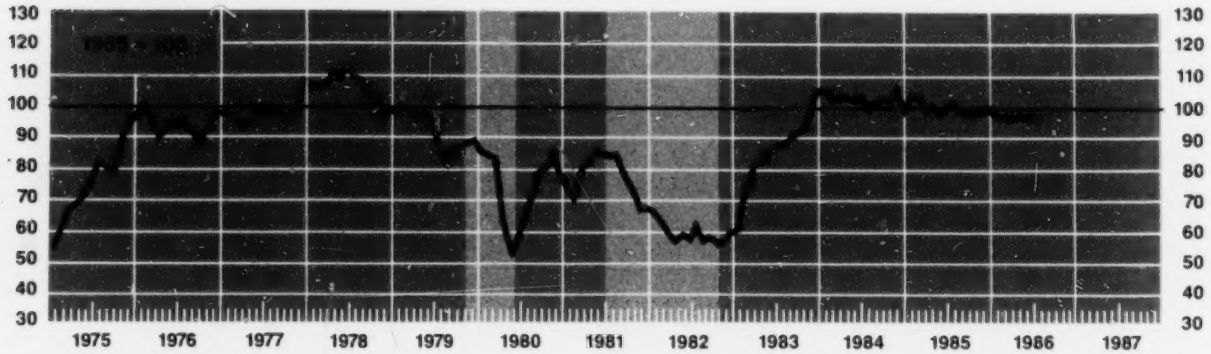
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

August, 1986



CONSUMERS SLIGHTLY LESS CONFIDENT BUYING PLANS EDGE DOWN

The Consumer Confidence Index (1985 = 100) inched back to a reading of 95.4 in July, for a loss of almost 2 points. This series has continued at about the current level for many months now. Buying plans, however, registered a fairly large decline in July, falling to 102.1 for a loss of almost 12 points in the month. Still, the most recent reading is substantially ahead of this time last year.

Most of the recent drop in confidence reflects uneasiness with the ongoing situation. Fewer respondents than last time now consider business conditions to be "good" —25.6% as compared to an earlier 28.4 percent. Concerning the employment situation, there has been very little change in opinion for quite a number of months now. However, one out of every three people surveyed complained that jobs are hard to get. Only one out of every five report that they are plentiful. This general assessment has now prevailed for much more than a year.

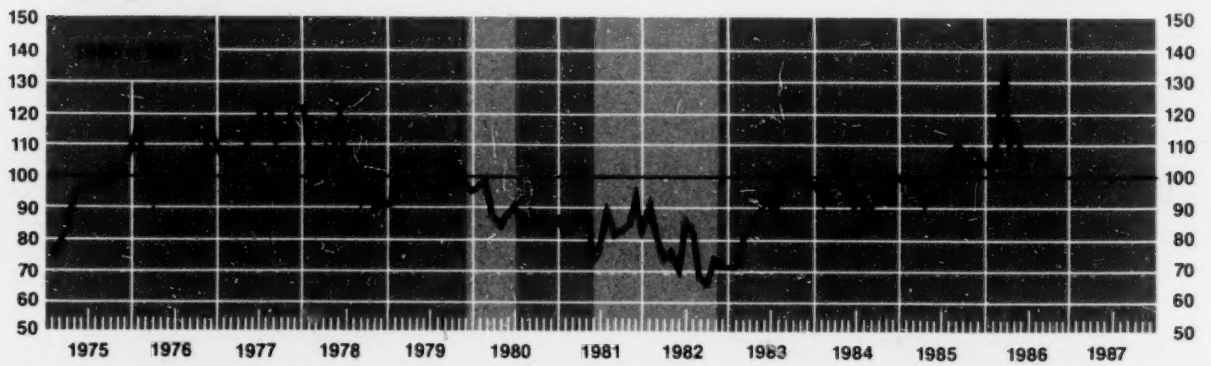
In looking ahead six months, almost 20% of consumers expect business conditions to improve while 10% expect them to worsen. This is slightly less positive than in the preceding month. However, on the outlook for jobs and their own family income, there have been no significant changes in opinion compared with the prior survey.

Buying plans are somewhat weaker than in the previous month. Intentions to buy an automobile have dropped to 8.8% of those surveyed from a prior 9.6 percent. However, the automobile industry has not been promoting as vigorously recently as a few months earlier. Those intending to purchase a home also edged down to 4.3% from 4.7 percent. However, this series is still substantially higher than a year ago. Plans to acquire major appliances have also edged off, but only moderately.

Once again, readings from the consumer suggest that in the coming months the economy is likely to perform at about its present rate. There is nothing in the latest message which would suggest either a markedly stronger rate of growth or any significant decline in the level of activity. Based on the consumer's past record as forecaster, business over the next months is likely to be uninspiring.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1985 *July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*	1986 *Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June(r)*	*July(p)*
						Composite Series: Index Numbers, 1985 = 100							
Consumer Confidence Index	101.2	99.6	98.9	99.3	98.7	99.8	97.8	96.9	96.9	99.0	97.2	97.2	95.4
Present Situation	101.2	95.2	97.4	100.6	99.7	101.3	100.4	97.8	95.0	100.7	100.2	97.6	94.9
Expectations	101.3	102.5	99.8	98.4	98.1	98.8	96.0	96.3	98.1	97.8	95.2	97.0	95.6
Buying Plans Index	93.1	98.4	107.3	110.3	101.2	108.8	105.6	103.9	101.9	135.3	108.9	114.4	102.1
						Appraisal of Present Situation: Percent							
Business Conditions													
Good	27.9	26.2	26.6	28.2	27.4	28.7	27.3	26.4	26.5	29.5	28.4	28.4	25.6
Bad	20.5	23.4	21.8	21.4	21.3	21.0	21.8	21.8	22.9	23.1	22.6	23.4	23.7
Normal	51.6	50.4	51.6	50.4	51.3	50.3	50.9	51.8	50.6	47.4	49.0	48.2	50.7
Employment													
Jobs plentiful	19.3	18.9	19.6	19.8	19.5	19.7	19.6	18.8	19.6	20.4	20.6	19.8	20.4
Jobs not so plentiful	50.4	49.7	48.2	49.3	49.6	49.6	50.7	50.8	46.8	48.4	47.9	48.0	46.4
Jobs hard to get	30.3	31.4	32.2	30.9	30.9	30.7	29.7	30.4	33.6	31.2	31.5	32.2	33.2
						Expectations for Six Months Hence: Percent							
Business Conditions													
Better	20.0	21.8	20.8	22.0	19.9	19.7	18.1	18.4	20.6	22.8	20.0	20.9	19.9
Worse	8.1	8.7	8.9	10.8	9.1	8.5	8.7	8.4	9.1	11.3	10.0	9.4	10.1
Same	71.9	69.5	70.3	67.2	71.0	71.8	73.2	73.2	70.3	65.9	70.0	69.7	70.0
Employment													
More jobs	15.4	16.8	16.1	16.7	15.2	15.5	13.6	14.2	15.8	17.2	15.4	16.9	16.3
Fewer jobs	14.9	15.4	16.7	16.7	17.3	16.1	16.8	16.8	17.7	19.5	18.7	18.8	18.8
Same	69.7	67.8	67.2	66.6	67.5	68.4	69.6	69.0	66.5	63.3	65.9	64.3	64.9
Income													
Increase	26.1	27.3	28.0	27.4	29.8	26.7	28.2	26.6	25.8	30.7	27.3	26.9	26.2
Decrease	7.5	7.8	8.0	8.3	7.9	8.4	7.7	8.2	7.4	7.5	8.2	8.8	8.1
Same	66.4	64.9	64.0	64.3	62.3	64.9	64.1	65.2	66.8	61.8	64.5	64.3	65.7
						Plans to Buy Within Six Months: Percent							
Automobile													
Yes	8.1	8.5	10.6	8.9	9.1	10.2	9.0	8.8	8.9	11.4	9.6	9.6	8.8
New	5.1	5.0	6.0	5.1	5.3	5.4	5.1	4.4	4.7	5.9	5.8	5.3	4.7
Used	2.6	3.1	3.1	2.9	2.8	3.3	2.9	2.8	3.0	3.9	2.7	3.9	3.2
Uncertain	0.4	0.4	1.5	0.9	1.0	1.5	1.0	1.6	1.2	1.6	1.1	0.4	0.9
Home													
Yes	3.4	3.6	3.4	3.6	3.8	3.9	3.7	4.2	4.1	5.0	4.8	4.7	4.3
New	1.1	1.0	1.0	1.1	0.8	0.9	1.3	1.0	1.3	1.4	1.2	1.3	1.0
Lived in	1.5	1.5	1.6	1.7	1.9	2.1	2.0	2.0	2.1	2.2	2.1	2.1	2.4
Uncertain	0.8	1.1	0.8	0.8	1.1	0.9	0.4	1.2	0.7	1.4	1.5	1.3	0.9
Major appliances													
Total plans	27.8	27.8	28.4	35.9	28.5	29.8	34.5	30.2	27.8	43.4	28.6	28.2	27.5
Refrigerator	4.4	3.9	3.7	5.1	3.9	4.4	5.8	4.3	3.9	6.5	3.9	4.2	4.3
Washing machine	3.8	3.8	3.9	6.2	3.7	3.8	4.9	4.3	4.1	7.2	4.1	3.8	4.5
TV Set	8.0	8.2	8.2	10.7	8.8	9.2	9.8	9.2	8.3	13.5	7.6	7.1	7.1
Vacuum Cleaner	4.1	4.5	5.0	5.1	5.1	4.9	5.7	4.4	4.9	5.7	5.4	4.8	3.7
Range	3.0	3.0	2.7	3.2	2.7	3.0	3.0	2.5	2.0	3.8	2.8	2.9	2.6
Clothes dryer	3.1	2.8	3.4	4.1	2.9	3.1	3.8	3.4	3.5	5.0	3.4	3.4	3.6
Air conditioner	1.4	1.6	1.5	1.5	1.4	1.4	1.5	2.1	1.1	1.7	1.4	2.0	1.7
Carpet	7.6	7.1	7.0	8.7	6.7	6.6	7.3	6.9	7.0	9.1	6.6	8.0	6.3
						Vacation Intended Within Six Months: Percent							
Vacation Intended		48.7		49.2		44.7		47.0		51.2		51.6	
Destination													
Home state		9.4		8.8		8.0		9.2		10.9		11.7	
Other state		34.0		35.4		32.2		31.9		35.5		36.1	
Foreign country		7.1		6.0		5.9		7.4		7.1		5.4	
Means of travel													
Automobile		29.9		29.8		26.1		28.2		31.4		33.8	
Airplane		19.1		18.3		18.3		18.1		20.4		18.1	
Other		4.1		3.8		4.5		5.0		4.8		3.9	

(p)—preliminary (r)—revised

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